

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
GTE CORPORATION,)	
)	
Transferor,)	File No.
)	
and)	
)	
BELL ATLANTIC CORPORATION,)	
)	
Transferee,)	
)	
For Consent to Transfer of Control.)	

APPLICATION FOR TRANSFER OF CONTROL

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GTE Corporation ("GTE") and Bell Atlantic Corporation ("Bell Atlantic"), pursuant to Sections 214 and 310(d) of the Communications Act of 1934, as amended, hereby request the Commission's consent to transfer control of GTE's Section 214 authorizations and its interests in various radio station authorizations to Bell Atlantic.

GTE and Bell Atlantic have entered into an agreement to merge the companies and combine their operations. As described in the attached public interest statement (Exhibit A), the merger will strengthen the ability of the companies to provide high-quality service and enable them to compete more effectively in both domestic and international telecommunications markets, all of which will benefit subscribers and the public. This document provides an overview of the transaction, identifies the applications that are today being filed with the Commission, seeks a declaration of common ownership under Section 212 of the Act, requests that all pending and

after-filed applications be considered part of the transaction for which approval is being sought, and requests exemptions as necessary from any applicable cut-off rules.

The individual transfer of control applications (Section 214 submissions and applications on FCC Forms 312, 327, 415, 490, 703 and 704) concerning each of the various authorizations controlled by GTE are being concurrently submitted with this application to the office of the Secretary. The filing fees were transmitted electronically to Mellon Bank. The electronic audit codes are shown on the accompanying forms 159. The individual applications are listed on pages 4-5.

I. DESCRIPTION OF TRANSACTION

On July 28, 1998, GTE and Bell Atlantic announced an Agreement and Plan of Merger under which GTE will become a wholly-owned subsidiary of Bell Atlantic. A copy of the Agreement and Plan of Merger is attached as Exhibit B.¹

Under the terms of the Agreement, a wholly-owned subsidiary of Bell Atlantic will merge into GTE. GTE will be the surviving corporation, thereby becoming a wholly-owned subsidiary of Bell Atlantic. GTE's shareholders will receive 1.22 newly issued shares in Bell Atlantic for each GTE share owned. Following the merger, approximately 57 percent of the shares of Bell Atlantic will be held by the current shareholders of Bell Atlantic, and approximately 43 percent of the shares of Bell Atlantic will be held by the current shareholders of GTE. The board of directors of Bell Atlantic will be made up of an equal number of members from Bell Atlantic's board, on the one hand, and GTE's board on the other hand.

¹ Also attached to this document are the consolidated statements of operations and consolidated balance sheets of Bell Atlantic as of December 31, 1997 (Exhibit C); Bell Atlantic's Form 430 (Exhibit D); a certified copy of Bell Atlantic's Articles of Incorporation (Exhibit E); and a draft protective order (Exhibit F).

GTE will survive as a wholly-owned subsidiary of Bell Atlantic, and the GTE subsidiaries that hold Section 214 authorizations and/or radio licenses will survive as wholly-owned subsidiaries of GTE. The merger does not involve any assignment of GTE's authorizations and licenses, or any change in the licensees that hold such authorizations and licenses, and the same companies will continue to provide service to the public. The only change in ownership will occur at the holding company level. The wholly-owned subsidiaries of Bell Atlantic that hold Section 214 authorizations and/or radio licenses will continue to be whollyowned by Bell Atlantic. The merger does not involve a change in the control of these companies, which will continue to provide service to the public.

The parties intend to consummate the merger as promptly as possible after the necessary FCC and other federal and state regulatory approvals have been received and certain other preconditions have been met.

II. DESCRIPTION OF APPLICANTS

GTE is a global communications and media company that provides a range of services in the United States and select countries around the world. The company provides local telephone service in 28 states and provides wireless services, nationwide long-distance services, Internet services, as well as video services in selected markets. GTE also has significant investments in communications and information services businesses in Canada, the Dominican Republic, Venezuela, Argentina, Micronesia and China. GTE is also engaged in financing, insurance, leasing and other related activities.

Bell Atlantic is a global communications and media company that provides a range of services in the mid-Atlantic and northeastern United States and select countries around the world. The company provides local telephone service in 13 states and the District of Columbia, and

provides wireless services, Internet services and video services in selected markets. Bell Atlantic also has significant investments in communications and information services businesses in New Zealand, Mexico, Italy, Indonesia, Thailand, the Philippines, United Kingdom, Greece, Slovakia and the Czech Republic. Bell Atlantic is also engaged in financing, systems integration services, customer premises equipment distribution and telecommunications consulting.

III. APPLICATIONS BEING FILED

The Applicants are filing with the Commission a total of 21 applications requesting consent to the transfer of control to Bell Atlantic of licenses and authorizations controlled or requested by GTE or its subsidiaries. These include GTE's existing and requested Section 214 authorizations and its Title III radio station authorizations as follows:

- Part 5 - Experimental Radio Service (FCC Form 703)
- Part 21 - Multipoint Distribution Service (FCC Form 704)
- Part 22 - Cellular, Paging/Radiotelephone, Rural Radio and Air-Ground (FCC Form 490)
- Part 24 - Personal Communications Service (Form 490)
- Part 25 - Earth Stations (FCC Form 312)
- Part 78 - CTRS (FCC Form 327)
- Part 90 - Telephone Maintenance and Business Radio (FCC Form 703)
- Part 101 - Microwave (Forms 415 and 704)
- Section 214 Authorizations and Cable Landing Licenses

In four markets which they serve (Greenville, SC - MSA #67; El Paso, TX - MSA # 81; Anderson, SC - MSA # 227; Las Cruces, NM - MSA # 285), GTE and Bell Atlantic currently hold interests in the cellular licensees for both channel blocks in overlapping service areas. Because Section 22.942 of the Commission's rules, 47 C.F.R. § 22.942, prohibits ownership of

both cellular licenses in an overlapping service area, either Bell Atlantic or GTE will divest its interest in each of these four markets at or prior to closing. At this time, however, it has not been determined which interest in each market will be divested. Bell Atlantic and GTE therefore commit that, prior to closing, either the A-side or the B-side interest in each of the four overlapping service areas will be divested in full. The transaction thus complies with Section 22.942.

In eight PCS MTA markets which they serve (Miami and Tampa, FL; San Antonio and Houston, TX; New Orleans, LA; Richmond, VA; Chicago, IL; and Honolulu, HI), GTE and Bell Atlantic hold attributable interests in broadband PCS and cellular spectrum with significant geographic overlap that, when combined, will total more than the current spectrum cap in section 20.6 of the Commission's rules, 47 C.F.R. § 20.6. In these markets, Bell Atlantic and GTE will either divest sufficient interests in the licensed spectrum to comply with the CMRS spectrum cap in effect at the time of closing or obtain a waiver.

In connection with the merger, GTE will also transfer its minority, non-controlling interests in certain licenses to Bell Atlantic where Bell Atlantic already has a controlling interest. These transfers are pro forma and do not require GTE to file an application for approval of the Commission. Federal Communications Bar Association's Petition for Forbearance from Section 310(d) of the Communications Act Regarding Non-Substantial Assignments of Wireless Licenses and Transfers of Control Involving Telecommunications Carriers, 13 FCC Rcd 6293 (1998). In accordance with the Commission's rules, GTE will notify the Commission within 30 days after these pro forma transfers are consummated. 47 C.F.R. §§ 22.137(a)(1), 24.439(a)(3), 24.839(a)(1).

IV. PUBLIC INTEREST SHOWING

Grant of these applications will serve the public interest, as demonstrated in the statement attached as Exhibit A. The merger of Bell Atlantic and GTE is strongly in the public interest because it will promote vigorous competition in telecommunications markets across the country and make possible exciting new services and other benefits for consumers nationwide by dramatically breaking down the geographic and product-line divisions that historically have limited full-scale competition. This merger will advance on a truly national scale the pro-competitive policies that Congress laid down in the Telecommunications Act of 1996.

First, this merger will enable the combined company to attack the local markets of other Bell companies on a widespread and effective bases. With its local telephone companies dispersed throughout the areas served by the other Bell companies, GTE is the “enabler” that will allow the combined company to attack other Bell company strongholds across the country. Second, the merger will also add an important new competitor to the top tier of national providers that can offer consumers a full bundle of advanced telecommunications services in all major markets-- providers that include MCI/WorldCom/MFS/UUNet, AT&T/TCI/Teleport, and Sprint/Deutsche Telekom/France Telecom. Third, the merger will greatly enhance the competitiveness of GTE’s Internet backbone and data services, and by doing so will promote healthy competition in these critical markets. Fourth, the merger also will increase competition in the general long distance market by speeding up the deployment of a national long distance network to compete with the Big Three facilities-based providers. Finally, the merger will combine the companies’ complementary wireless and international assets to enable the new company to offer a broader range of services more efficiently to more customers. All in all, the combination of Bell Atlantic and GTE services promises to unleash a new generation of competition and choice for consumers

throughout the telecommunications arena and to fulfill the pro-competitive vision embodied in the Telecommunications Act of 1996.

V. APPLICATION FOR FINDING OF COMMON OWNERSHIP

Pursuant to Section 212 of the Act, 47 U.S.C. § 212, and Section 62.12 of the Commission's Rules, 47 C.F.R. § 62.12, the Applicants request that the Commission find and declare that, upon consummation of the transactions contemplated by the Agreement, (1) Bell Atlantic will own more than 50% of the voting stock of GTE, and (2) Bell Atlantic, GTE and their respective subsidiaries will therefore be deemed to be "commonly owned carriers" as that term is defined in Section 62.2 of the Commission's Rules, 47 C.F.R. § 62.2. As described in Section II, above, the merger contemplates that, as a result of the combination of the companies, Bell Atlantic will hold all of the stock of GTE Corporation. This satisfies the requirement of Section 62.12 that the Applicants be commonly owned as a result of the transaction.

VI. REQUEST FOR APPROVAL OF ADDITIONAL AUTHORIZATIONS

As set forth in each of the transfer of control applications, GTE controls entities which hold numerous Commission licenses and other authorizations.

While the applications are intended to list all such authorizations, the licensees involved in this proposed transaction may now have on file, and may hereafter file, additional requests for authorizations for new or modified facilities which may be granted during the pendency of the transfer of control applications. Accordingly, it is requested that the grant of the transfer of control applications include authority for Bell Atlantic to acquire control of (1) any authorization issued to GTE's subsidiaries during the Commission's consideration of the transfer of control applications and the period required for consummation of the transaction following approval; (2) construction permits held by such licensees that mature into licenses after closing; and (3)

applications which are filed after the date of these applications and that are pending at the time of consummation. Such action would be consistent with prior decisions of the Commission. See NYNEX and Bell Atlantic Transfer, 12 FCC Rcd 19985, 20097 (1997) (“Bell-Atlantic-NYNEX”); Craig O. McCaw and AT&T Transfer, 9 FCC Rcd. 5836, 5909, n.300 (1994) (“McCaw Order”).

VII. REQUEST FOR EXEMPTION FROM CUT-OFF RULES

Pursuant to Sections 21.23(c)(6), 22.123(a), 24.823(g)(3) and 25.116(b)(3) of the Commission's Rules, 47 C.F.R. §§ 21.23, 22.123, 24.823 and 25.116, the Applicants request a blanket exemption from any applicable cut-off rules in cases where GTE's subsidiaries file amendments to pending applications to reflect the consummation of the proposed transfer of control. This exemption is requested so that amendments to pending applications to report the change in ultimate ownership of GTE subsidiaries which are parties to these applications would not be treated as major amendments. The scope of the transaction between GTE and Bell Atlantic demonstrates that the ownership change which would be reported would not be made for the acquisition of any particular pending application, but is part of a larger merger undertaken for an independent and legitimate business purpose. Grant of such application would be consistent with previous Commission decisions routinely granting a blanket exemption in cases involving similar transactions. See, e.g., Bell Atlantic-NYNEX at 20092, McCaw Order at 5909, Centel Corporation, 8 FCC Rcd 1829, 1833 (1993); Airsignal International Inc., 81 FCC 2d 472, 476 (1980).

VIII. UNCONSTRUCTED FACILITIES

Nearly all of the FCC authorizations covered by the applications involve constructed facilities. However, certain facilities in the Point-to-Point Microwave Service and the Personal Communications Service are authorized but not yet constructed. The transfer of control of these unbuilt facilities does not implicate any of the Commission's anti-trafficking or unjust enrichment rules.

Microwave. The Commission's anti-trafficking rule for Part 21 permits, 47 C.F.R. § 21.39, is not implicated, because the transfer of these unconstructed facilities is incidental to the larger transaction involving the transfer of control of an ongoing, operating business, and involves a stock-for-stock exchange based upon the valuation of GTE as a whole.

PCS. The PCS authorizations in which GTE holds an interest were obtained through competitive bidding within the last three years. As required by Section 1.2111(a) of the Commission's Rules, a copy of the merger agreement is being filed, 47 C.F.R. § 1.2111(a). As noted above, the transaction involves a stock-for-stock exchange. The unjust enrichment provisions of the Commission's auction rules, 47 C.F.R. § 1.2111(b), (c) and (d), do not apply because the PCS authorizations were not obtained pursuant to set-asides or bidding credits for designated entities. The anti-trafficking rule for PCS authorizations, 47 C.F.R. § 24.839(c), does not apply because the PCS authorizations were not issued for frequency blocks C or F.

IX. FINANCIAL QUALIFICATIONS

The applications seek approval for the combination of Bell Atlantic and GTE through a stock-for-stock merger, in which GTE shareholders will receive shares of Bell Atlantic stock in exchange for their shares of GTE stock (see discussion infra at Section II). No capital will thus need to be raised internally or from outside sources in order to complete the merger. In addition,

as demonstrated by the consolidated statements of operations and consolidated balance sheets of Bell Atlantic as of December 31, 1997 (attached hereto as Exhibit C), Bell Atlantic possesses the requisite financial qualifications to control the authorizations covered by these applications and to operate the systems and facilities covered by these authorizations in the public interest.

CONCLUSION

For the above reasons, and for the reasons set forth in the individual applications filed herewith, the proposed transaction complies with all applicable Commission rules, and will serve the public interest. Bell Atlantic and GTE accordingly urge the Commission to act promptly to grant these applications.

Respectfully submitted,

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